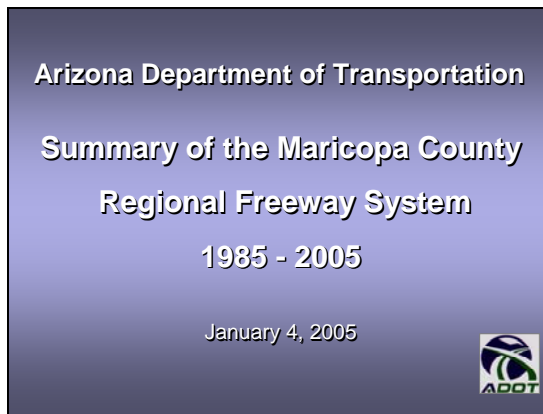


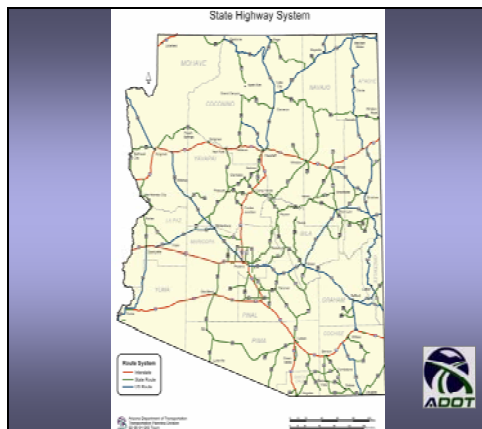
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Bill Hayden has been with the Arizona Department of Transportation for 35 years. Currently he is responsible for various major engineering economic and financial studies including the HOT-HOV Value Lane Feasibility Study, the Hoover Dam Financial Feasibility Study, and negotiation with two Indian Communities located within the Phoenix Metropolitan area's Regional Freeway System.

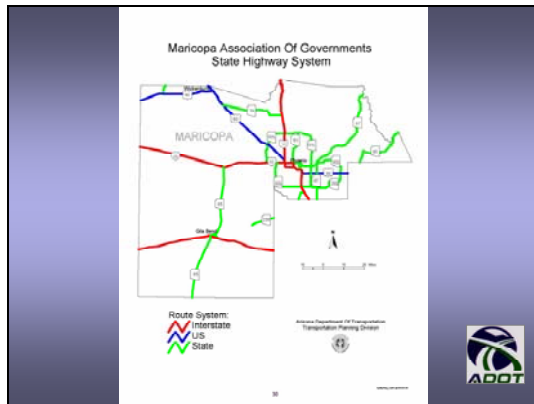
2



Thank you for inviting me to speak to you about Arizona's highway projects and our financing for these. Idaho is very similar to how Arizona was about 30 years ago.

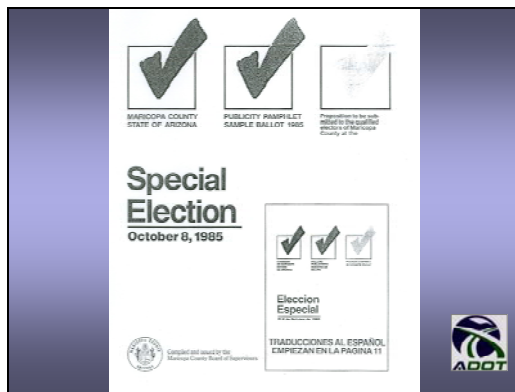
Arizona is basically a state with clusters of population separated by larger areas of undeveloped land. Arizona has faced a huge population growth and tourism is a major economic asset. We border Mexico and deal with illegal immigration and have several Native American tribes that are active and have a large population.

3



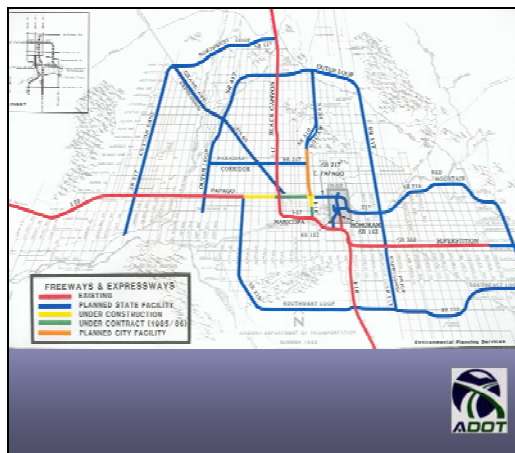
The capital of Arizona is Phoenix, which is located in Maricopa County. Phoenix is the hub of our state and population growth in this area has been enormous. Maricopa County has a population of 3.5 million and we expect population to double by 2020. When we started to put together plans for a transportation system in Maricopa county, we did not envision the need for an ongoing program that now faces our department.

4



Let me relate a little historical review of what led up to the special election that was held October 8, 1985, when Maricopa County voters were asked to approve an excise tax in the amount of ½ ¢ sales tax that would be dedicated to the Regional Area Road Fund (RARF).

5



The region around Phoenix was facing tremendous growth and the highways to handle these demands were all but non-existent. Plans showed bypass loops, the freeway system needed to be completed, and travel on most of our surface roads was predicted to increase dramatically.

ADOT was faced with a huge amount of infrastructure work. Upon reviewing our annual revenue from various sources, we determined that to meet upcoming demands for enlarging and improving our highway system we would have to ask for additional funds.

We first tried to increase licensing and registrations and even attempted to have property tax increased. All of these efforts were met with major resistance.

Through further work by elected officials and businesses, it was decided to ask the voters of Maricopa County to support a ½ ¢ sales tax dedicated to a Regional Area Road Fund (RARF).

This concept took a real marketing effort to develop broad-based consensus with the public. ADOT had to deal not only with the engineering needs/wants, but also public opinion, cultural input, and numerous other concerns had to be addressed.

The public's acceptance was absolutely necessary for this vote to get approved. From the 1960 regional plan to the vote in 1985, Maricopa County transportation needs were discussed and finally the Regional Area Road Fund (RARF) was approved.


Now ADOT had to begin a massive and multi-faceted building program. One of the first obstacles was that land values skyrocketed. Land use changed in expectation of the road building that would be coming. Another problem, around 1987 there was a national financial turndown.

Our original transportation plans were again under-funded and when we went to the voters in 1994 for more money, the voters turned us down. The Legislature came to the rescue with funding to meet our shortfall, but they also mandated that the plan be revised to a more realistic amount.

Some of the highways were either dropped or postponed and the total mileage was reduced. It was a very hard revision for ADOT and with a lot of effort from many groups we came up with a set of priorities for transportation planning and building.

Historical Review

- 1960 – A Regional Plan
- 1985 – Public Vote
- 1987 – Financial Problems
- 1994 – Proposition 400
- 1995 – A Revised Plan
- 1998 – Legislative Action



8

Priority - Setting Criteria

- Travel Demand
- Congestion Relief
- Air Quality Improvements
- Accident Reduction




The following criteria were developed by ADOT and Maricopa County participants to evaluate each project. Travel demand, congestion relief, air quality improvement, and accident reduction were all measured.

9

Priority - Setting Criteria

- Cost Effectiveness
- Joint Funding
- Social and Community Impacts
- System Continuity and Mobility




Cost effectiveness, the availability of joint funding, social and community impacts and system continuity and mobility were evaluated.

10

Priority - Setting Criteria

- Delivery ASAP
- Construction of Segments that Serve Regional Needs
- Construction of Segments that Provide Connectivity with Other Segments




Delivery of the project was a very important factor. Also whether the segment would address either regional needs or connectivity objectives were assessed.

We worked through these conditions on each project and with the public's input put together a smaller program that began to succeed.

11

Funding Resources

- Excise Tax – ½ Cent Sales Tax – Regional Area Road Fund (RARF)
- Highway User Road Fund (HURF) – 12.6% of the State Highway Fund for Controlled Access Highway Construction in Maricopa County
- State Transportation Board Policy – 2.6% of HURF Monies are Allocated for Controlled Access Highways in Maricopa County




We established that funding sources would come from the Regional Area Road Fund (RARF) and the Highway User Road Fund (HURF).

12

Revenues

- RARF will Generate \$3.8 Billion
- HURF will Generate an Additional \$1.2 Billion
- Federal-Aid Funds and Others Have Added \$1.5 Billion
- Total Revenues : \$6.5 Billion




The revenues from the RARF generated \$3.8 billion; the HURF generated \$1.2 billion; and federal-aid funds and others generated \$1.5; for a total of \$6.5 billion.

13

Bonding

- ADOT has utilized an aggressive bonding program to supplement its local revenues to ensure completion of the RFS on schedule, meet increased delivery costs and accelerated the completion of the program by seven years.
- To date, the Department has bonded approximately \$2.4 billion and paid debt service of approximately \$800 million



ADOT used aggressive bonding to ensure completion of the program on schedule, meet increased delivery costs, and accelerate completion of the program by seven (7) years.

To date, we have bonded \$2.4 billion and have paid debt service of \$800 million.

14



Recommendations that I think must be included in any program like this are:

Partnerships are one of the most important elements you can cultivate. I can not stress how very important it is to develop and maintain relationships throughout building programs.

Legal Actions will happen. You should be ready and able to address and resolve these as quickly as possible.

Performance Audits have become a key component in our program. We found that as our projects progressed we needed to have a factual basis for evaluating performance.

The **Life Cycle Program** provides a snapshot of where your program is and where you need to go. I brought a handout for you to see how this tool can provide useful program information.

Political Participation is another vital component. You need their support.

Fiscal and Construction Accountability and Creditability is absolutely crucial. You will be judged and criticized from all sides and being prepared with facts and figures is the best way to face these attacks.

Finally, enlisting the **Metropolitan Planning Agency and Public Participation** in everything that is discussed, planned, done, etc., is required. They are your eyes, ears, and hands and are the only way you will succeed.

This last fall, the Maricopa voters approved to continue our program, except unlike last time which was only for highway construction, this time it will be multi-modal including rail and a wide variety of transportation modes.

I thank you for your interest in Maricopa County. You are poised on the edge of a great future for Idaho transportation.

15

